

Fleetwork Research Conference 2013 - Amsterdam, October 24-25

Session 9 The Governance of (public) employment services – chair: Timo Weishaupt

The transformation of public employment services in the light of the PES 2020 Strategy. Assessing public employment services at an early stage of their strategic repositioning

Ludo Struyven & Lien Van Mellaert

Research Institute for Work and Society, University of Leuven

Abstract

This paper deals with the PES 2020 Strategy Output Paper formulated by the European Network of Public Employment Services. The policy paper, adopted in June 2012, proposes a new role definition of the PES, with far-reaching consequences for the business model and management of each of the services in their own country. Following the new vision, the PES will need to adopt a broader set of functions in the context of the different transitions over the life-course and for new 'customers' (workers, employers, inactive groups) with no traditional links to the PES. Therefore, the PES needs to act not only as a service provider and a coach, but also as a 'conductor' and facilitator within the labour market by building partnerships with other labour market actors. Based on a questionnaire among Heads of the PES through the European network as well as in-depth analyses in five countries, we found that not all PESs support the different aspects of the conducting role, with slightly less than half of the PESs seeing themselves as a commissioner of market operation and partnership formation. Furthermore, the survey indicate several aspects of the governance structure which act as contextual boundaries to transformational change. We conclude that the selectivity with which countries

subscribe the strategic repositioning is contingent upon the national configuration of the PES.

Keywords

employment service, conducting, EU 2020, transitional labour markets, governance, policy transfer

Introduction

This paper will provide insights in the PES 2020 Strategy of the Public Employment Services (PES) network in Europe, dealing with the new role and functions to be taken up by PES in response to fundamental changes in labour markets and societies. It also answered the request made by the Commission as well as the Employment Committee to re-think their positioning in the context of the EU 2020 Strategy. The new role and functions are intended to support an individual throughout its entire career, instead of focusing on the unemployment-employment dichotomy. The PES will thus be required to fulfil a role in a range of transitions, including the switch from education into a first job, job-to-job transitions, the transition from inactivity into employment and the exit from the labour market. This vision is rooted in the Transitional Labour Markets (TLM) approach (Schmid & Gazier, 2002; Schmid, 2010), which can be seen as a new paradigm for the PES.

Within the informal PES network at EU level, a working group started in 2010 a high-level public debate about the strategic positioning of PESs in the coming seven years. The chair of this working group was held by the Flemish Public Employment Service, VDAB. It's mission resulted in the PES EU 2020 Strategy Output Paper, which was

adopted by the Heads of PES meeting in June 2012 at the end of the Danish Presidency (HoPES, 2012).

In literature, the focus is often either on the administrative reforms as such, with a mostly top-down approach studying evolutions such as agentification, contracting-out and decentralization, or on the role of the PES organisations in the functioning of the labour market. This way, the conjunction between both is neglected. The analytical framework in our research ties in with the extensive literature on public sector organisations reform on the one hand and PES innovation on the other hand. In view of the importance of linking public management and organisation to public organisation's role and functions, we build on insights from public management theory (see for a literature review Lægreid, Roness & Verhoest, 2011) and on analytical and empirical studies on employment services (see Thuy, Hansen & Price, 2001; Considine, 2001; Sol & Westerveld, 2005; Struyven & Steurs, 2005; De Koning & Mosley, 2002; Bredgaard & Larsen, 2008; Schmid, 2010). This approach brings together both strands of literature by studying the interaction between the envisioned changes for PES to be able to respond to different labour market transitions as they are described in the PES 2020 Strategy on the one hand, and their current institutional structure and day-to-day management on the other hand.

The article is focused on the following set of questions:

- 1) Which are the elements of the PES 2020 Strategy most prominently shaping PESs today and in the future?
- 2) Which obstacles do the PESs perceive in the national governance context for endorsing the strategic repositioning?
- 3) How does the current institutional setting enable or constraint the transfer of the PES 2020 Strategy?

We start by outlining the content of the PES 2020 Strategy. This is followed by an analytical section of the framework and the methods used. Then we provide an overview of the empirical evidence, starting with the overall support for the PES 2020 Strategy, the differences between countries and the perceived obstacles in the national governance context. Next we highlight the factors enabling or constraining policy transfer of the PES 2020 Strategy to the national level. Finally, we end with a summary and a reflection of the chance that the PES Strategy may be adopted.

‘Conducting’ as a key strategy for the PES

The PES 2020 Strategy Output Paper highlights the matching of labour demand and labour supply as the core business of PESs. In order to boost this main function, the vision advocates that “Public Employment Services should approach labour demand and supply from a more holistic point of view which takes into account the multiple transitions presenting themselves continuously on the labour market and during individual careers” (HoPES, 2012). This is needed to reach the objectives included in the EU 2020 Strategy, such as lifting the employment rate and reducing the number of bottleneck vacancies. Such a holistic approach entails “a shift from functioning (only) as service providers towards (also) functioning as service seekers, that compose scenarios for the most qualitative, effective and efficient constellation of services to meet a specific need on the labour market” (ib.). Regarding the service delivery itself, the PES 2020 Strategy argues in favour of more services organized across different actors through ‘intensifying partnerships with private employment services’ as well as other public, not-for-profit and profit actors in other policy domains such as education and welfare. This is identified in the PES 2020 Strategy as “conducting”, a neologism defined as a key strategy for PES

in the long term. The different ‘levels of conducting’ are labelled as follows in the PES 2020 Strategy Paper (ib.):

- *enhancing* labour market transparency and providing evidence to support policy design;
- *securing* standards for active labour market policies;
- *identifying* labour market needs and available service offers;
- *matching* citizens and employers with appropriate and accessible services;
- *enabling* labour market actors to cooperate and innovate;
- *commissioning* market operation and partnership formation;
- *aligning* labour market actors with labour market policy/labour market needs (by selecting, certifying, coordinating, directing, managing);
- *acting* as supplemental service providers where market failure occurs.

Those levels can be interpreted as the successive steps in the core role of labour market conducting. This conducting role should be seen as a layered concept, with different tasks related to it, which can all be executed in varying intensities. When applying such a life-course approach, the target group for the PES enlarges towards new ‘customers’ (workers, employers, inactive groups) with no traditional links to the PES. Therefore, the PES needs to act not only as a service provider and a coach (by informing citizens and investing in them while making transitions), but also as a ‘conductor’ and facilitator within the labour market (by building partnerships with other labour market actors and managing contracting-out practices instead of keeping services in-house). For the individual customer, this means that PES will play a role not only at the time of job placements, but also in broader skills development and life-long learning. Furthermore, the PES 2020 Paper clearly state that they aim at becoming more demand-driven, meaning that the current extent of collaboration with employers will be extended substantially.

To sum up, the main building blocks concerning the PES 2020 Strategy are centred around five key areas: the conducting role and partnerships; skills development; career services; employer services; and sustainable activationⁱ.

Up to this point, the PES Strategy Paper builds heavily on the insights of TLM and social risk management. In a recent paper, Schmid (2010) describes the implications of the TLM approach for PESs, arguing that a transition perspective should be adopted in their interventions, going beyond looking at mere employment rates as such. The aim for both public and private employment services should be sustainable placements with a high productivity potential. This can include periods of (re-)training or part-time or temporary work, as long as the individual has the opportunity to make the transition to full-time employment at a certain point, and if desired. The role for employment services (public or private) is to accompany transitions with and within employment, by accompanying a 'work first' activation approach with continuous training and supporting different transitions. Schmid (2010) argues that, from the TLM point of view, there is tremendous need to revitalise and even enlarge the role of employment services. Gazier (2007) situates the – at some point widely discussed - policy principle of 'flexicurity' within a broader Transitional Labour Markets approach. The central idea is 'making transitions pay' instead of 'making work pay' as the new way forward, meaning less emphasis on conditionality and financial stimuli to increase activation, and more emphasis on enabling the individual to manage his own transitions. In a discussion note of the Employment Committee to the Council on 21st October 2010, PESs are referred to as the main contributors to or implementers of most of the measures that make transitions payⁱⁱ. From this unique position, they are required to act 'as transition agencies that move from managing unemployment to managing careers and to take into account different types of transitions'. To this end, well-functioning partnerships need to be established to make

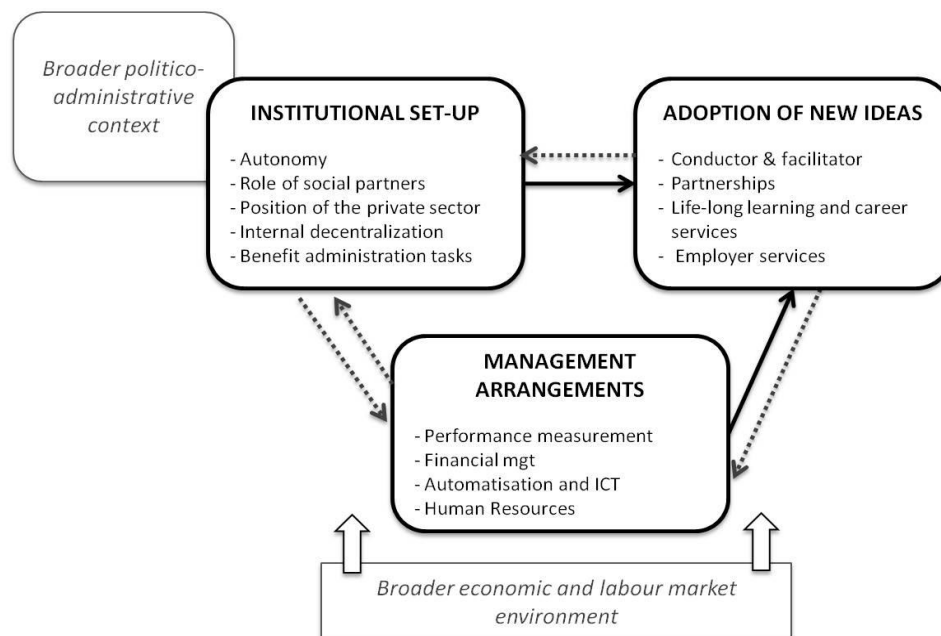
transitions pay. Partnerships need to be broadened beyond a public-private employment service cooperation, taking in other partners including welfare institutions, education and training providers, non-profit providers, etc. According to EMCO, 'Redefining the allocation function of labour markets along the principle of making transitions pay might lead to a radical redefinition of the primary role and core services of the PES' (Ib.).

In addition, the PES Paper describes the main operational and management consequences of the new roles and functions to be taken up. Hereby, extensive attention is paid to optimizing PES performance through improved efficiency and efficacy. The new role of technologies in achieving this is also touched upon. The PES Paper ends by identifying common key principles, notably a value driven approach, customer orientation, digitization, inclusiveness, empowerment, 'levelism' (i.e. the capability to act on regional and local levels), social innovation, integration and interoperability (together with partners) and evidence-based. At this point not only a purely entrepreneurial approach is reflected in the PES Paper, but also a new model of PES government is advocated. In this new governance model, according to Fredrickson's conceptualization (1997), executives' core responsibilities no longer center on managing people and programmes but on organizing resources, often belonging to others, to produce public value. Government agencies, in this conception, are becoming less important as direct service providers, but more important as generators of public value within the web of multiorganisational, multigovernmental and multisectoral relationships that characterize modern government. In this respect, one could presume an orientation towards constructive collaboration between trusted partners instead of a clear-cut principal-agent kind of relationship.

Factors influencing the support for the PES 2020 Strategy

In this study, we focus our analysis on how the current organisational set-up and existing management arrangements affect the support for new ideas described in the PES Paper. Our research questions concern the interplay between the institutional structure, management arrangements and the adoption of new ideas (the new role and functions of PES as part of a political project). While the latter component reflects domain-specific challenges in a specific labour market and socio-economic context, changes in the first two components are, to a certain extent, depending on the broader politico-administrative context PESs are operating in. The way these sets of variables interact is shown in figure 1.

Figure 1 Overview of factors influencing the adoption of the PES 2020 Strategy



The focus of our analysis thus lies on the arrows in bold in this figure, namely on the influence of institutional and management factors, as perceived by elite-actors, on the adoption of new ideas from the PES Strategy Paper.

Adoption of new ideas is a first and necessary step in the innovation process, and gives a first indication about the willingness of top management to put these ideas into practice. Yet, it should be noted that this information neither necessarily predicts the actual degree of implementation at a certain point in time, nor reflects the implementation capacity at other layers within the organisation.

A list of the different elements forming part of the institutional set-up and the existing management arrangements is displayed under each respective topic shown in Figure 1. Autonomy will be interpreted here as the room for decision making and discretion within an organisation (Hasenfeld, 2010; Laegreid & Verhoest, 2011). In line with these authors we will distinguish between managerial autonomy (financial, HR) and policy autonomy (objective and target setting, target groups, policy instruments). Next to variations in autonomy, PES also have different ways and degrees of involving social partners in their decision structures (Thuy, 2001; Weishaupt, 2011). Thirdly, the creation of a quasi-market in employment services constitutes a fundamental part of NPM theories, and is expected to deliver better and more efficient employment services, but this evolution has not taken place to the same extent in each of the countries studied (Struyven & Steurs, 2005; Bredgaard & Larsen, 2008). A fourth element is the balance between internal centralisation and decentralisation (Christensen, Fimreite & Laegreid, 2007). Decentralization efforts are identified as a common element in European PES reform (Mosley, 2011; Weishaupt, 2010). Finally, in their analysis of more than hundred public sector agencies, Laegreid, Roness & Verhoest (2011) also find that the type of tasks performed (here: service delivery vs. legal and control tasks) is an important element for explaining the perceived innovation ability of those organisations. In this respect, we will focus on the specificities related to the benefit administration task within some PES.

In their comprehensive manual on administrative sector reform, Pollitt & Bouckaert (2011) outline the different components of reform trajectories. Next to organisational

components such as decentralization, they distinguish a number of management-related trajectories such as performance management, finance and personnel. In our study, we will focus on management arrangements related to those topics, as well as on automation and the use of ICT. Laegreid, Roness & Verhoest (2011) have demonstrated that organisational performance values and individual incentives have some importance for the ability to innovate. Personnel matters such as out-dated wage structures and HR policies may cause staff demotivation (Perry & Buckwalter, 2010). Another factor, which was also identified by Laegreid, Roness & Verhoest (2011) in their effort to explain the innovation ability of state agencies, is budget availability. We will build on the broader argument that the way of financial management within PES matters. A last management arrangement is the deployment of ICT within PES. While ICT is generally considered as a key factor for modernising services, it also increases the pressure on the organisation to centralize, harmonize rules and standardize work procedures, which in turn is likely to hamper innovation.

Methods and data

To answer the questions formulated above, a double methodological pathway has been followed. In the first place, information was gathered from Heads of PES and their delegates by means of a questionnaire. In addition to this, a qualitative case study approach was used to study the complex interactions between the envisioned roles and functions of the PES future on the one hand, and current institutional set-ups and management arrangements on the other hand.

Although several initiatives have been undertaken to map the characteristics of PES organisations, reliable and sufficiently detailed data are often lacking or contradictoryⁱⁱⁱ. In order to overcome this lack of empirical data, a questionnaire was distributed among

Heads of the PES through the PES network in October 2011. With the support from the Flemish PES, a response of 21 questionnaires was obtained from 20 different countries. Table 1 provides an overview of all countries that have sent their responses.

Table 1 Respondents

	AT	BE ¹	BE ²	BG	CY	DK	ES	FI	DE	EL	HU	IE	IT	LT	MA	NL	NO	PL	SK	SI	SE
Part 1	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Part 2	x	x	x	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x

1 BE-Forem

2 BE-VDAB

Questionnaire items were focused on increasing our understanding of the situation PESs currently find themselves in, and the way they envision their future organisation. Although to some extent self-selection of respondents might have taken place - in the sense that participants who have been more involved in the vision formulation process were more motivated to respond to the questionnaire^{iv} - a good overall representation of different countries within Europe was achieved. The profile of the respondents included four Heads of PES and a broad range of direct delegates and people in positions of responsibility, including their direct assistants, policy advisors and Heads of other divisions. The respondents' average period of experience within the organisation was 16 years, ensuring their in-depth knowledge of the organisation and therefore the quality of the obtained responses. The straight-forward quantitative data obtained from the different member states allow for univariate analysis, thereby providing us with a systematic description of the different organisations.

Next, a series of case studies has been conducted, encompassing the PES in Germany, UK, Hungary, Sweden and the Flemish region of Belgium. Cases were chosen based on their adherence to the basic principles of the PES 2020 Strategy and their willingness to

reflect on how to put them into practice. In total, twenty in-depth interviews were conducted, each lasting between one and two hours (see Table 1 in Annex for a list of interviewee profiles). Through these interviews with strategic management within the PES, we could obtain unique data about the internal functioning of these public organisations. Where relevant, other actors directly involved in the functioning of the PES have also been included. To ensure the completeness of findings, they were contrasted per case with internal and other policy documents as well as available academic literature. Interview data have been transcribed and coded using the qualitative software analysis tool NVivo 8. Coding categories are in line with the different elements in this study, and were deducted from the factors described in the public management literature, yet allowing sufficient flexibility to refine or contrast these and fit in new categories emerging from the data. This approach is in line with the proposition from Silverman (2000: 98), who suggests to start theory building in case study research based on concepts from literature, allowing sufficient flexibility for the concepts to evolve based on the findings that emerge from the data.

Overall support for the core elements of the PES 2020 Strategy

Abstract concepts such as the ‘conductor role’ were the subject of wide-ranging discussion, and nuances were added to them. The question arising here is which elements of the PES 2020 Strategy are most prominently shaping PESs today and in the future (research question 1).

Table 2 Strategic roles to strengthen the PES' position on the labour market (responses ranked in order of importance based on frequencies)

Strategic roles to strengthen the PESs' position:	
as matcher of citizens and employers with appropriate and accessible services	20
as identifier of labour market needs and available service offers	19
as enhancer of labour market transparency	18
as actor supplementing service providers where market failure occurs	14
as enabler of labour market actors to make them cooperate and innovate	13
as aligner of labour market actors with labour market needs	13
as commissioner of market operation and partnership formation	10

According to the results presented in table 1, PESs are convinced that their focus on core tasks such as matching and identification of labour market needs should be upheld (20 and 19 countries out of 21 respectively). 85% of PESs also agree that PESs have an important role in enhancing labour market transparency. In their role as intermediaries, a majority of PESs consider that they should play an important role relating to compensating for market failure and enabling market actors to cooperate and innovate while aligning them with market needs. Not all PESs support the different aspects of the conducting role, with slightly less than half of the PESs seeing themselves as a commissioner of market operation and partnership formation.

Respondents were asked to indicate which labour market policy tasks are accomplished by the organisation today, and which tasks should be executed in the future in order to achieve the PES 2020 Strategy.

Table 3 Executed tasks

Executed tasks	Today	Future
Job search support for job-seekers	21	19
Vacancy support for employers	21	19
Matching, job brokerage	21	19
Labour market information and transparency	19	19
Training-lifelong learning	17	16
Social security benefits delivery	9	9
Social assistance delivery	3	2
Enhancing mobility of migrant workers	16	18
Career guidance services	20	19
Guidance in case of corporate restructuring/mass redundancy	17	17
Study advice for scholars	8	8
Employment contract regulation	2	3
Business start-up support	15	15
Other	8	7

The traditional PES tasks such as job search, vacancy support and job brokerage are the tasks that need to be continued in the future. On top of that, most PESs report they are currently offering some kind of career guidance and lifelong learning services (respectively 20 and 17 out of 21 respondents). More specific support tasks include enhancing the mobility of migrant workers and guidance in the event of corporate restructuring or mass redundancy. Start-up support for new businesses is also offered by a majority of PESs (15 out of 21 cases). The specific task of delivering social security benefits is only executed by a specific subgroup of PESs.¹ The same group of countries is likely to continue this activity in the future, with the Norwegian PES as an exception. Ireland on the other hand indicated that, in the future, the PES will need to be able to administer social security benefits, although this is not currently the case. A minority of PES also provides social assistance to clients. In this sense, there is some evidence that PES are already active in a broader range of transitions as they are defined by the PES Strategy Paper. It might well be that the newer services listed are limited in terms of their

¹ SK, AT, LI, NO, DE, ES, NL, PO and EL.

content, scope or frequency, or that they are only offered to very specific groups. Looking the offering for each current customer group, we see that for customer groups such as the employed, the services provided are limited to a standard offering. The latter does not necessarily involve frequent personal interaction and can also be administered online, especially for self-reliant groups such as the employed but also for the short-term unemployed and employers.

The following table shows that the nature of the services provided by PES differ according to the customer group for which the services are intended. We distinguish between services based on their degree of standardisation, and services based on their degree of automation. In other words, services can range from standard offerings for a fairly large group of people to assistance tailored to the needs of the individual. Note that both standardised and individually tailored services can be provided face-to-face with a PES counsellor or online. In some countries, a distinctive approach is adopted based on the duration of the unemployment period. In the Netherlands for example, standard assistance is offered for persons who have been unemployed for less than three months, while more intensive support relationships are established afterwards.

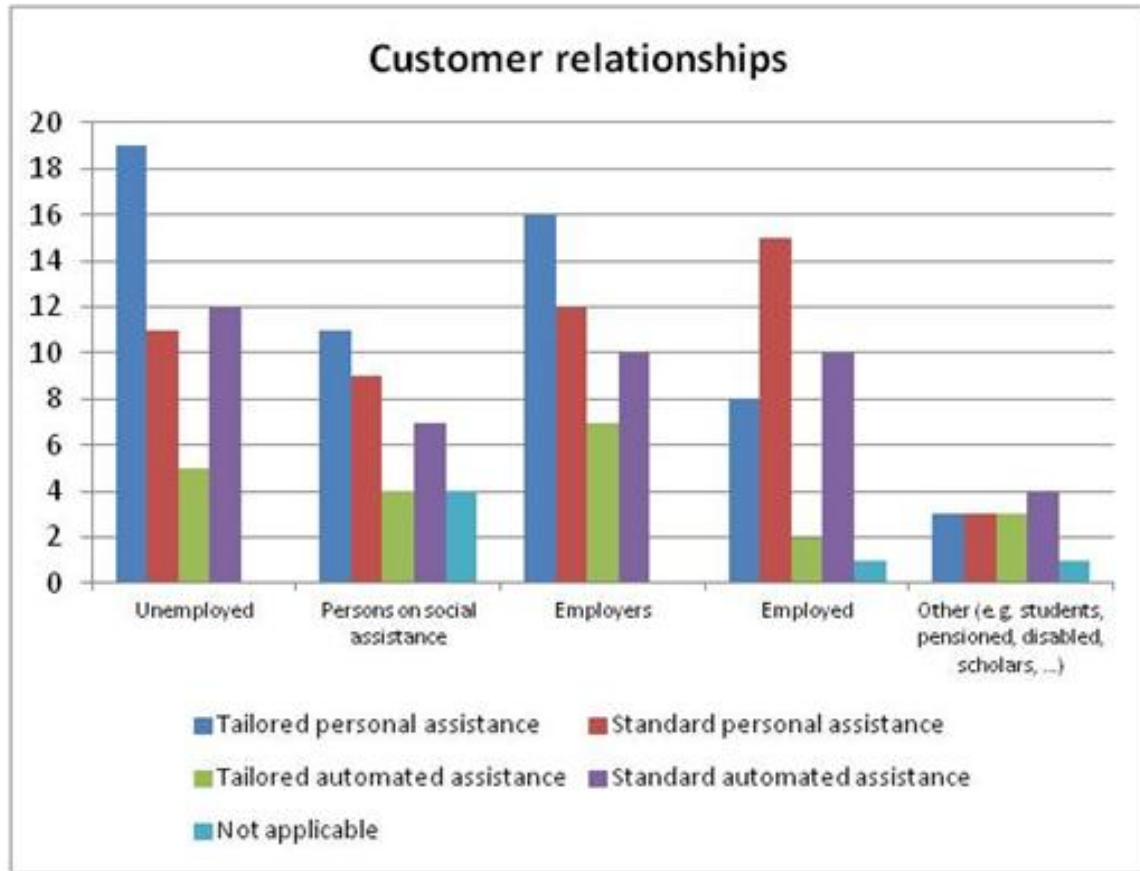


Figure 2 Customer relationships

In line with what can be expected, the unemployed receive mostly personal assistance tailored to individual needs, while the employers and the broader public of the employed receive assistance in a number of ways, including online (automated).

Differences among the countries

In principle, the whole PES 2020 Strategy is imbued with the new concept of conducting, and there is a desire to play a role for the entire labour market instead of limiting itself to specific target groups. The case studies show, however, that the conductor role is sometimes deliberately regarded upon as just one of the elements of the Strategy. Countries such as Hungary, and to a lesser extent Sweden, have the feeling that a

contracting-out model has very much been taken as the starting point, with less attention for other types of collaboration with partners. In the UK on the other hand, there is likewise not complete identification with the concept, because of its rather directive interpretation of the role of the PES. In this context, there is a desire to execute the tasks that cannot be assumed by private partners, as part of a more enabling, facilitating role. In the UK, the PES is seen as an element in a broader system rather than as a central conductor.

In the UK case, the description of partnerships is identified with, despite some reservations about the conductor role. There is a desire to work and organize services in an evidence-based way, but the collection of data about service provision is partly in the hands of private partners who sometimes conduct their own studies and evaluations. With regard to employers there is some work done, again with a substantial role for the private partners, yet all in all the focus of the PES remains on the activation of the unemployed. An extensive range of services for people in work is not regarded as the role of a government agency: the focus is on the groups furthest from the labour market. For disadvantaged groups such as older workers, the PES mainly wants to work on employers' attitudes instead of providing specific guidance, as these are believed to be the key to employment for this group (with youth as an exemption because special programmes do exist). Because of a strong belief in the 'making work pay' approach, financial incentives are seen as an important way of activating people and keeping them in work. The UK PES is moving firmly in the direction of favouring sustainable activation results, albeit via the private partners who are partly doing so for economic reasons (i.e. outcome payments reflecting long-term success).

In Sweden, it is argued that good results are already being achieved for the national PES. The move from a bureaucratic to a dynamic and customer-oriented organisation has already largely taken place, and these ideas are also politically accepted. Moreover,

activating measures have already been worked on for a long time in Sweden. In line with the UK, resources are focused on the activation and support of those experiencing most difficulties to (re)integrate into the labour market. For these groups, career services and guidance are in place. Yet, general career and life-long learning services offered to the broader public are less widespread exactly because of the focus on inclusion and vulnerable groups. In recent years, the PES has worked on improving its outreach to employers by offering them personalised services. Recently, private partners are also becoming increasingly involved in PES activities, but no further radical shifts are expected towards 2020 as a consequence of the PES 2020 Vision. However, there is a readiness to contribute and share experiences with other PES.

The Hungarian PES considers the vision as ambitious and underlines the importance of Europe. However, there is a feeling that the objectives have been set rather high for Hungary. It is pointed out that the PES, when delivering job brokerage services, is dependent on the broader system and the economic context. In Hungary, the overall position of the PES in the market is not as strong as in some other cases. For this reason, the PES is aiming to further develop its networks and increase the number of PES staff to expand services. Because employers do not necessarily go through the PES to recruit their candidates, the service offer for employers is mainly focused on the collection of vacancies and the provision of financial support and subsidies to take on board certain groups. Information is also increasingly being collected about employers needs on the labour market, with the training and education programs being adapted to address these needs. While the emphasis is again on the groups furthest from the labour market, there is a desire to work on a career service offer, although this is mainly being considered in the form of the expansion of the existing online portal (the 'Life-long learning and guidance portal').

The German PES sees itself as a modern, mature PES that innovates and uses a systematic approach to the management of its own resources. As a result of reforms in the former decade, the PES has already evolved into an organisation focusing more on the activation of jobseekers. The striving for efficiency is reflected by thoroughly designed working processes and sophisticated IT systems for labour market matching. The PES warns however that the pressure to place individuals into work must not be at the expense of job quality. In the next years, more attention will be spent on prevention before losing employment. Thanks to its resource availability and relative autonomy, the PES is working actively on its own long-term strategy. Many elements of this strategy are strongly in line with the PES 2020 Strategy, although partnerships as they are perceived in the common vision are emphasised less. The reason for this is the PES's ambition to maintain its strong role in the provision of labour market services. Although the main service offer is focused on those furthest away from the labour market, there is a broad service offer for employers, and attention for personal as well as digital career services for a broader range of people. Labour market data and data about PES's operations are collected in a more detailed manner than in other countries, allowing for in-depth assessment of the contribution of PES's interventions based on evidence emerging from these data.

In the Belgian (Flemish) case, a lot of work has already been done to understand the meaning of PES taking up a conductor role (*regisseur*) in the labour market. While still on a relatively small scale, some long-term partnerships are being established with a broad range of actors, mainly for professional training for those professions where there is shortage on the labour market. The organisation has also been decentralized to a limited extent and provincial structures have been strengthened to tender at the most appropriate level within the organisation. Although private and non-profit partners are providing guidance and placement services for a growing number of groups, tendering

still affects a minority of clients, thus meaning it takes place on a smaller scale than in countries such as Sweden and the UK. Furthermore, the monitoring capacity at the provincial level within the PES - where most tenders are awarded now – is considered as an important point of attention. An important task throughout these partnerships may also consist of ensuring that the various actors within a complex labour market setting are working to achieve the same common objectives, for example in relation to the temp agency work sector. A strong point with regard to the life-long learning and career guidance component of the PES 2020 Vision are the competence centres of the PES. Here, substantial attention is being paid to training, career services and life-long learning, although for those last two the PES mainly operates as a gateway. The large distinction between services for employed and groups that can easily cope on the labour market on the one hand, and groups that have more trouble in doing so on the other hand, are less pronounced than in the other countries. For employers, the service offer is developing, yet it is not as comprehensive as in the German PES. While attention for sustainable activation results is included as a topic in the PES 2020 Vision, there is currently little attention for follow-up of the individuals recently placed into employment.

Governance context as a boundary for change

The second research question deals with the perceived obstacles in the national governance context for endorsing the strategic repositioning. Two broad categories of governance factors can be distinguished, as is listed in the figure below. The first half of the list can be regarded as elements related to the governance structure of the PESs and their existing steering and control mechanisms, while the second half of the list relates to the network the PES has established with different relevant stakeholders.

Respondents were asked which of these contextual elements should be altered in order to allow the PES to support the PES Strategy.

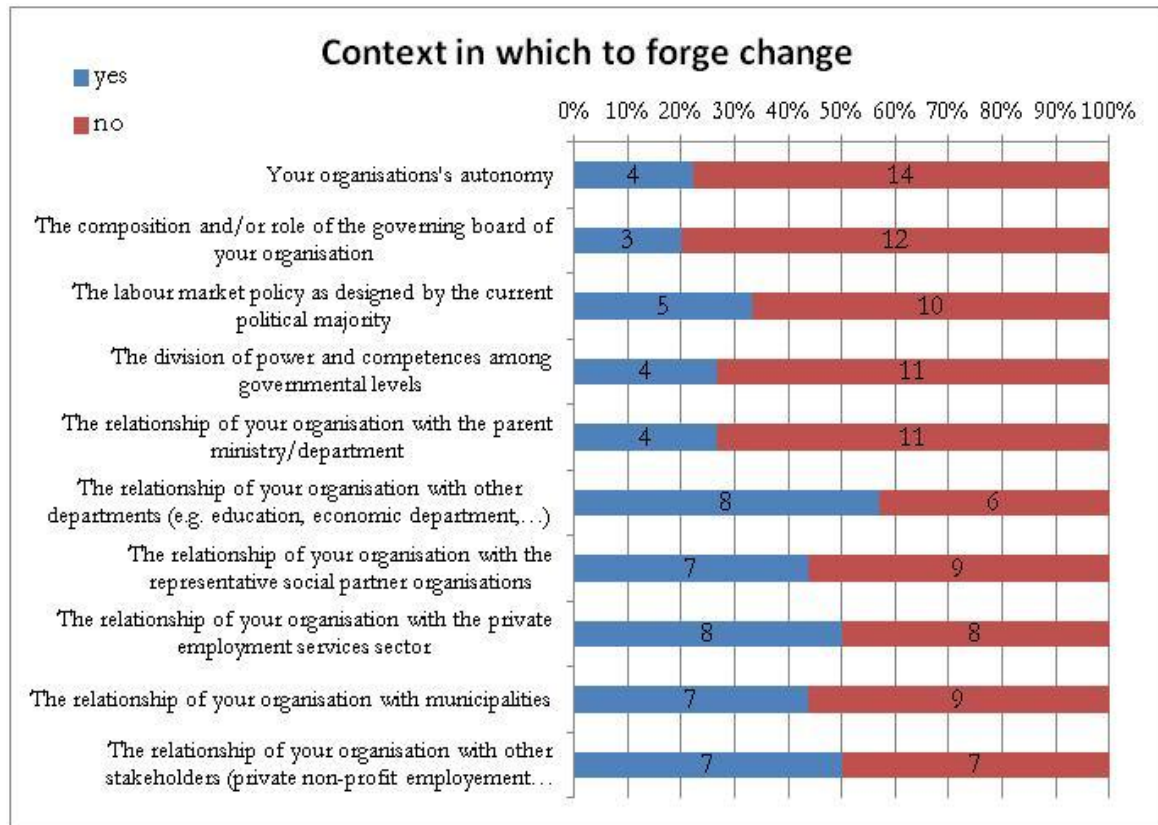


Figure 3 Context in which to forge change

* Since the number of respondents answering each item varied, we represented the answers in both absolute frequencies and as a % of total responses.

For each of the first five items related to governance mechanisms, a small but significant number of PESs do report an alteration is needed. For example, four of the PESs report that a higher degree of political independence from the responsible authority could foster change. Specifically mentioned areas in this respect were autonomy regarding budgeting and personnel planning, information exchange and policy alignment with and between ministries such as education and economic affairs, and sufficient power for the local level. In three cases, changes in the composition of the governing board of the organisation were desired, for example by increasing the decision making capabilities for

social partners. With regard to labour market policy as designed by the current political majority in government, five countries report that a change of the status quo is required in order to be sufficiently independent. One of the comments here reveals that PESs should increase their visibility and set ambitious goals for themselves. The importance of consistent priority setting was stressed, with a need for PESs to focus on the long term and not be overly dependent on the political make-up of the current government.

For the second part of items, roughly half of the respondents indicate a change is needed. For example, it was suggested that better structures for consulting with social partners should be set up, and that employers' associations should be increasingly involved. Those who have the opinion that change is needed in the relationships with private partners often mention current subcontracting systems will need to be put in place and extended. The same concern is reported with respect to more intensive cooperation with the not-for-profit sector. The importance of the latter sector is recognised, especially for establishing contacts with specific (difficult-to-reach) target groups and implementing specific active labour market policies (e.g. more intensive or targetted forms of guidance and counselling). In sum, the real challenge advocated in the PES 2020 Strategy is to be found in the relationship of the PESs with other labour market actors. In establishing partnerships and putting them into practice, PESs seem to see themselves as having a leading role towards private players, and a more facilitating role in their relationship with other public institutions.

Within each PES, steering and decision-making mechanisms can be found at different levels. We see that there is a slight increase in the preference of PESs for more far-reaching decision-making authority at lower levels within the organisation. At the same time, several PESs are making a plea for organizing some (internal) services and mechanisms at a more central level to ensure an efficient use of resources and guarantee the equal treatment of clients. In the current economic climate, PESs are

often experiencing a need for cost reduction, justification of used resources and optimal use of resources. One of the most popular measures is the automation of several aspects of service provision. Many times, PESs have automated tools for profiling, screening and matching clients or are developing similar services. To get capable staff on board and keep them during these changes, many of the PESs are working hard on the improvement of employee communication flows and the modernisation of their HR strategies and instruments.

The predominance of efficiency and effectiveness is also reflected by the value orientation of the PES. Respondents were asked to select three key principles underlying PES services from a list, as is shown in the figure below.

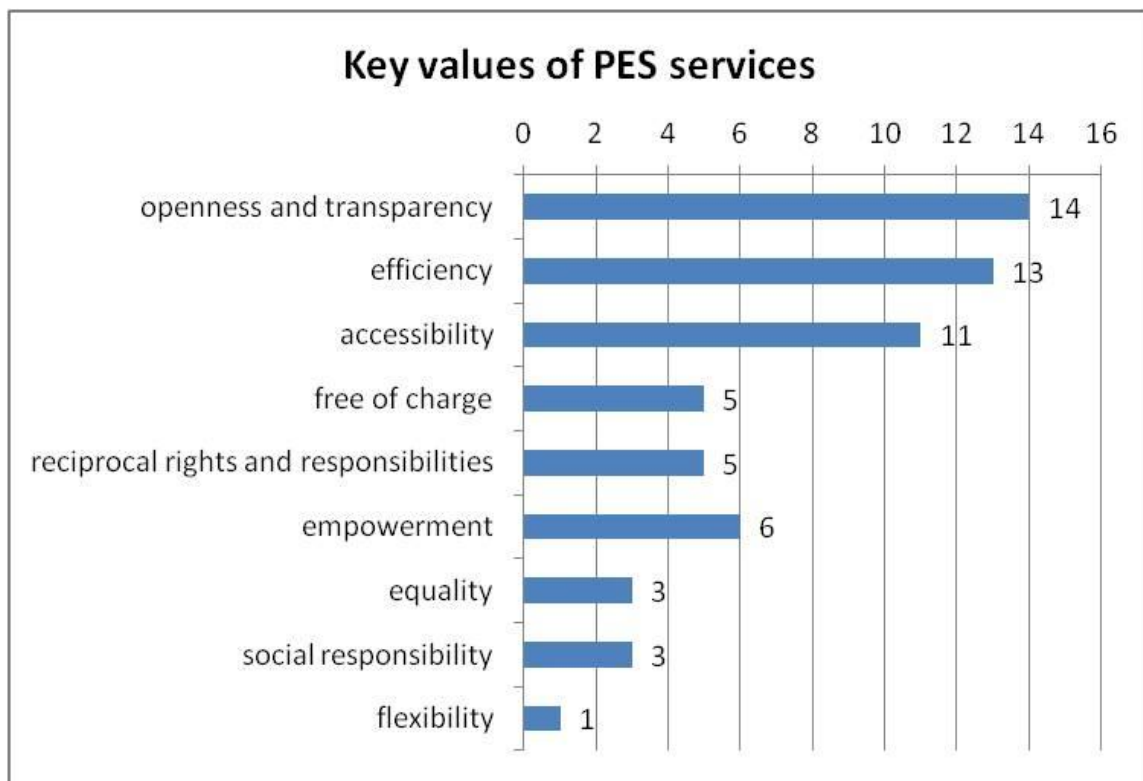


Figure 4 Key values of PES services

The most popular responses included openness and transparency (14 out of 20 countries), efficiency (13 out of 20 countries) and accessibility (11 out of

20 countries). Conversely, flexibility was selected as an important principle by one sole country. The principles selected in the first place are mainly economically and performance driven, while more social or customer-oriented values like equality and social responsibility were selected less. This is not entirely in line with the new model of government as reflected in the Paper's key principles. At the level of the day-to-day management and organisation, many of the current evolutions within PESs draw heavily upon notions such as maximal efficiency, cost-savings and measurable results. Generally, such efficiency gains are obtained by streamlining operations, for example by introducing pooled services and IT supported processes. Automatisations is by far the most common way of reducing costs among PES. For both staff and citizens, complex digital service offerings and tools are put together. The performance of staff is continuously being tracked, sometimes through very sophisticated and integrated systems. The strong orientation of individual PESs on performance and efficiency may be influenced by the general economic downturn and the corresponding need for public services to justify their resources.

Factors influencing the transfer of the PES Strategy

PES and employment policies in general, fall essentially within the jurisdiction of member states. When it comes to the elements of the institutional set-up, these are not easy to influence, certainly not from the European level. The question arises which contextual constraints may hinder policy transfer from the PES Strategy (research question 3). Europeanization in this respect not only refer to the top-down influence of the EU decision-making on national policies. Instead, there is also a bottom-up influence by domestic-level actors on EU policies. The two dimensions have been conceptually combined by means of Börzel's (2002) 'uploading' and 'downloading' notions. In this

respect, the concept of uploading refers to how national PES actors are not only engaged at the European level with the intention to 'download' from the European level to the national level, but are also actively involved in shaping the common Strategy by 'uploading' their own models and policies.

In most countries, there is a feeling that the own advancements are at least partly in line with the PES 2020 Strategy, but the Strategy Paper in itself is not necessarily considered to have been decisive. There is a strong emphasis on the importance of the national agenda.

When looking at the institutional setting, a first factor affecting the chances of adoption of the PES Strategy is the degree of autonomy. Autonomy is important because it enhances the potential to develop an own long-term strategy within the national PES in the light of the radical shifts proposed by the PES Strategy Paper. Autonomy to do so can be guaranteed through the legal statutes of the organisation, but support and trust from the parent authority remain key. When social partners are involved in the decision making of PESs, this can contribute to better and more informed decisions. The implementation phase may also be less troublesome because these partners are able to create support among their respective stakeholders, namely employer and employee organisations. In the case of Belgium and Germany, both factors are prominent. The Swedish example also makes it clear that social partners do not necessarily have to be part of the administrative board in order to become involved and consulted. With regard to the issue of partnerships with commissioned providers, creating room for the development of mature players, and building the corresponding monitoring capacity within the PES is considered as indispensable. In all countries, the relationship with private employment agencies remains a delicate and sometimes complicated one. In some countries employment services operate as an economic activity of undertakings operating in markets (UK), while in other countries employment services being delivered

by public, non-profit and private actors are working more closely together in order to achieve optimal allocation on the labour market (Belgium).

Also the level of administrative decentralization within the PESs affect the way in which partnerships can be established at different levels. There seems to be a general tendency towards enhanced decision making capabilities for the local level, although on the contrary some PESs experience an increasing need for horizontal coordination at the central or regional level. Most organisations try to balance both elements and grant the lower levels within their organisation some autonomy in implementing specific measures and programmes, as long as they are able to achieve the agreed targets. At last, we have also observed that PESs are increasingly emphasizing conditionality in benefit payments, even so when the administration of benefits does not take place within the own organisation. This may be in contrast with the coaching and support oriented nature of other tasks put forward by the PES 2020 Strategy.

An important remark to be made is that some countries have contributed more actively than others to the PES 2020 Strategy process. How uploading and downloading are likely to occur ? Those contributing often did so with the interest of gaining support for the way they are currently doing things at a national level. In order to further clarify adoption differences, there is a distinction between the countries studied. In the Flemish and German context, there is strong identification with the PES 2020 Strategy. One explanation for this may be the fact that these countries already had similar national starting points for the origination of the common vision, and have partly 'uploaded' these, so to speak, to the PES 2020 Strategy. In the UK, the contribution was mainly related to the (formal) formulation of the vision and the naming of concepts. In Sweden, Hungary and the UK, it is emphasised that not all elements of the vision are identified with, because a different discourse or language is used within the national context. Generally their influence on the final document has been more limited. The assessment from all

countries involved is that the changes brought along by the PES 2020 Strategy as a formal statement in itself will be relatively limited, but that from the dialogue that has arisen and the emergence of a common language, it has been possible to learn from one another's experiences, creating openness to the integration of certain ideas in the national PES (*i.e.* 'downloading').

Conclusion

While several EU member states took steps towards activation years before the millennium, the real breakthrough of the activation discourse in the EU countries took place at different speeds and in varying ways (Bonoli, 2010). The same holds for the TLM paradigm in which PES are conceived of as performing a holistic strategy based on conducting, within the context of a broader configuration of stakeholders and other actors. This article has attempted to map the evolving role of the national PES in the light of the PES 2020 Strategy and the EU-level influences on that evolving role on the basis of a conceptual framework that distinguishes three categories of variables: the institutional structure, management arrangements and the adoption of new ideas. The article's main contribution to the comparative social policy literature is twofold. On the one hand, it places the new role of conducting in the spotlight as a new paradigm for the PES throughout the EU. On the other hand, it adds to the existing empirical evidence on the influence of existing institutional and management configurations on innovation of public organisations.

It is clear, from the above analysis, that the PES role change envisioned by the PES 2020 Strategy encompasses two types of changes. In the first place, the common vision attempts to enforce a new role for the PES in terms of service provision and target populations based on the holistic TLM approach, in which individuals' life is regarded in

terms of transitions that should be facilitated by the state. Secondly, the changes envisioned by the PES 2020 Strategy are management changes directed at efficiency and effectiveness of service provision. It should be noted however that the two types of change should not be seen as isolated: the management and role changes are essentially rooted in the evolutions towards a TLM-inspired labour market policy. The aspiration to TLM provides not only the initial framework for changes at the PES level, but these changes are also contingent upon the broader institutional setting of the PES system. In this respect, our findings illustrate the predominant influence of the level of autonomy and the pre-existing collaboration with social partners.

The in-depth analysis shows that the PES 2020 Strategy has not been automatically downloaded by the PES in question, but is subject to a cherry-picking approach (a 'toolbox' in the words of a respondent) in which national priorities lead to the selective appropriation of the PES Strategy, with some countries dissociating themselves from the conductor's role and the extension of tasks in the domain of career guidance. In addition, several respondents referred to the fact that the EU 2020 Strategy is so broad that it can accommodate virtually any policy. In this sense, it is rather the collaboration and networking ingredients of the PES Strategy that were emphasized as its added value. The fact that 'there is no official legislation' regarding employment policies was mentioned as a reason behind that lack of influence. Given the lack of an EU power to change domestic institutional structures in the field of employment and training, this seems a self-evident approach. It implies that the PES Strategy Paper, which is framed within the TLM approach, is likely to be picked up in these institutional settings which allow for change towards a transition agency with a strong conductor's role. Given the lack of any formal influence of the European Commission on the process, the question whether that can be compensated by informal dynamics or more indirect influences (e.g. by introducing a new discourse) remains a topic for further study.

Acknowledgements

(to be completed afterwards)

References

Bonoli, G. (2010) 'The political economy of active labour market policy', Reconciling Work and Welfare in Europe Working Paper Series, Edinburgh, <http://www.era.lib.ed.ac.uk/handle/1842/3290>.

Börzel, T. A. (2002) 'Member State responses to Europeanization', *Journal of Common Market Studies*, 40, 2, 193-214.

Bovens, M. & Zouridis, S. (2002) 'From street-level to system-level bureaucracies: How information and communication technology is transforming administrative discretion and constitutional control', *Public Administration Review*, 62, 2, 174–84.

Bredgaard, T. & Larsen, F. (2008) 'Quasi-markets in employment policy: Do they deliver on promises?', *Social Policy and Society*, 7, 3, 341-52.

Christensen, T., Fimreite, A.L. & Laegreid, P. (2007) 'Reform of the employment and welfare administrations – the challenges of co-ordinating diverse public organisations', *International Review of Administrative Sciences*, 73, 389-408.

Considine, M. (2001) *Enterprising States: The Public Management of Welfare to Work*, Cambridge: Cambridge University Press.

European Commission (2010) 'An Agenda for new skills and jobs: A European contribution towards full employment', COM(2010) 682 final, 23 November 2010.

European Commission (2010) 'Making Transitions Pay', Commission Note from the Employment Committee to the Council (EPSCO), 21 October 2010.

European Commission (2010), 'Council Decision 2010/707/EU of 21 October 2010 on guidelines for the employment policies of the Member States', Official Journal L 308 of 24.11.2010, 46–51.

Damanpour, F. & Evan, W.M. (1984) 'Organisational innovation and performance: The problem of 'organisational lag' ', *Administrative Sciences Quarterly*, 29, 392-409.

De Koning, J. & Mosley, H. (eds.) (2002) *Labour Market Policy and Unemployment. Impact and Process Evaluations in Selected European Countries*, Cheltenham, UK: Edward Elgar Publishing.

Finn D., Knuth M., Schweer O. & Somerville W. (2005) *Reinventing the public employment service: the changing role of unemployment assistance in Britain and Germany*, University of Portsmouth, <http://eprints.port.ac.uk>.

Frederickson H. G. (1997) *The Spirit of Public Administration*, San Francisco: Jossey-Bass.

Gazier, B. (2007), 'Making Transitions Pay: The Transitional Labour Markets' Approach to Flexicurity', in H. Jørgensen and P. K. Madsen (eds.), *Flexicurity and Beyond – Finding a New Agenda for the European Social Model*, Copenhagen: DJØF Publishing, 99–130.

Hasenfeld, Y. (2010) 'Organisational Responses to Social Policy: The Case of Welfare Reform', *Administration in Social Work*, 34, 2, 148–67.

HoPES (2012) 'Public Employment Services' Contribution to EU 2020'. PES 2020 Strategy Output Paper, <http://ec.europa.eu/social/main.jsp?catId=105&langId=en>.

King D. (1995) *Actively seeking work: the politics of unemployment and welfare policy in the United States and Great Britain*, Chicago: The University of Chicago press.

Laegreid, P., Roness, P.G. & Verhoest, K. (2011) 'Explaining the innovative culture and activities of state agencies' *Organisation studies*, 32, 1321-47.

Mosley, H. (2011). 'Decentralisation of public employment services', PES2 PES dialogue paper, Brussels: European Commission.

Perry, J. L. & Buckwalter, N. D. (2010) 'The Public Service of the Future', *Public Administration Review*, 70, 238-45.

Pollitt, C. & Bouckaert, G. (2011) *Public Management Reform. A comparative analysis: New Public Management, Governance and the Neo Weberian state* (Third edition), Oxford: Oxford University Press.

Schmid, G. (2010) 'The Transitional Labour Market and Employment Services', Paper prepared for the International Conference on "The Transitional Labour Market and Employment Services" at the Seoul Job Centre, Seoul, Korea, August 26-27, 2010.

Schmid, G. & Gazier, B. (2002) *The dynamics of full employment. Social integration through Transitional Labour Markets*, Cheltenham, UK/Brookfield, MA, US: Edward Elgar Publishing.

Silverman, D. (2000) 'Analyzing talk and text', in N. K. Denzin, & Y. S. Lincoln (Eds.) *Handbook of Qualitative Research* (2nd ed.), Thousand Oaks, CA: Sage Publications, 821-34.

Sol, E. & Westerveld, M. (eds.) (2005.) *Contractualism in Employment Services. A New Form of Welfare State Governance*, The Hague: Kluwer Law International.

Struyven, L. (2007) 'Between Efficiency and Equality: New Public–Private Arrangements in Employment Assistance for the Unemployment', in: De Koning J. (Eds.), *Evaluating Active Labour Market Policy: Measures, Public-Private Partnerships and Benchmarking*, Northampton: Edward Elgar Publishing, 193-220..

Struyven, L. & Steurs, G. (2005) 'Design and redesign of a quasi-market for the reintegration of jobseekers: empirical evidence from Australia and the Netherlands', *Journal of European Social Policy*, 15, 3, 211-29.

Thuy, P., Hansen, E. & Price, D. (2001), *The Employment Service in a changing Labour Market*, Geneva: International Labour Office.

Weishaupt, T. (2010) 'A silent revolution? New management ideas and the reinvention of European public employment services', *Socio-economic Review*, 8, 461-68.

Weishaupt T. (2011), 'Social partners and the governance of public employment services: Trends and experiences from Western Europe', Working paper, Geneva: International Labour Office.

ⁱ Note that these five key areas are also mentioned in the Commission's Proposal for a 'Decision of the European Parliament and of the Council on enhanced co-operation between Public Employment Services (PES)', COM (2013) 430 final, Brussels, 17.6.2013.

ⁱⁱ Commission Note from the Employment Committee to the Council (EPSCO) on 21st October 2010, Making Transitions pay.

ⁱⁱⁱ The following studies and initiatives have been reviewed: (1) Applica/Ismeri Europa (2011), PES Business Models, DG Employment. The European Job Mobility Laboratory, Small-Scale Study; (2) PES benchmark (<http://www.pes-benchmarking.eu>); (3) <http://www.pesmonitor.eu/>; (4) European Commission (2010). PES 2020 – Mapping visions and directions for future development.; (5) DG employment (2009). The role of the Public Employment Services related to Flexicurity in the European labour markets, final report; (6) Mosley, H. (2011). PES2 PES dialogue paper: Decentralisation of public employment services.

^{iv} Several PESs (such as that from the UK and BE-Actiris) were very involved in the process, but decided not to participate in the survey because of ongoing large-scale organisational or management changes.